

**PROSPECTUS -- LEASE
ONE WORLD TRADE CENTER
NEW YORK, NEW YORK**

Prospectus Number: PNY-03-NY13
Congressional District: 8

Executive Summary

The General Services Administration (GSA) is proposing an amended and restated 20-year firm term lease at One World Trade Center (1 WTC) to replace space that was formerly occupied by the Government at Six World Trade Center (6 WTC) until September 11, 2001. The 1 WTC lease will cover approximately 224,000 rentable square feet (RSF) and will have four 15-yr. renewal options. GSA will seek separate approval to exercise renewal options beyond the 20-year firm term. Lease commencement and rent start date can be no earlier than October 1, 2015.

Description

Occupant:	Housing Solutions (attached)
Lease type:	Amended and Restated Replacement
Maximum BOMA Rentable Square Feet:	224,000 RSF
Expansion Space:	None
Current Usable Square Feet/Person:	N/A
Proposed Usable Square Feet/Person:	See Justification
Proposed Maximum Leasing Authority:	20 years
Expiration Date of Current Lease:	12/31/2013 (6WTC renewal option)
Delineated Area:	1 World Trade Center, NYC
Number of Parking Spaces:	None
Scoring:	Operating Lease
Maximum Proposed Levelized Rent Rate ¹ :	\$73.58 per RSF
Maximum Proposed Rental Rate ² :	\$66.33 per RSF years 1-5
	\$72.19 per RSF years 6-10
	\$76.95 per RSF years 11-15
	\$81.91 per RSF years 16-20
Proposed Levelized Annual Cost ³ :	\$16,481,920
Current Total Cost:	Dependent on Proposed Housing Solution

¹This is the levelized rental rate for the 20-year firm term. It is based on the present value of future rent payments amortized as series of equal payments over the firm term of the lease. This rate includes estimated first year operating costs and taxes and therefore does not reflect future year escalations of these cost elements.

²These estimates assume a fiscal year 2016 rent start and may be escalated by 1.8 percent annually to the effective date of the lease to account for inflation. The rental rates include operating costs and taxes, as estimated for the first year of the lease.

³Lease will contain an annual escalation clause to provide for increases or decreases in real estate taxes and operating costs.

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Real Estate Board of New York (REBNY) Space Measurement

REBNY is the Real Estate Board of New York rentable square foot measurement standard used in the Manhattan Market. The difference between BOMA RSF and REBNY RSF is roughly analogous to GSA's standard representation of the difference between BOMA RSF and housing plan space assignments shown in usable square feet (USF).

The proposed lease will be executed based on the REBNY equivalent maximum square feet and rental rates shown as BOMA measurements and rates in the description above. The conversion factor between the two space measurement standards for 1 WTC is 1.21. Therefore, 224,000 BOMA RSF multiplied by \$66.33 per RSF (BOMA) equals \$14,857,920, the proposed annual cost for years one through five of the lease. The REBNY equivalent is 270,134 REBNY RSF multiplied by \$55.00 per RSF (REBNY).

Acquisition Strategy

This is an amended and restated lease to replace space destroyed at 6 WTC on September 11, 2001. As such, the Government is not soliciting competitive bids. Under the terms of the original lease, the Port Authority of New York and New Jersey (PA) is obligated to rebuild the Government's space to the extent insurance proceeds will allow. The PA has acknowledged its responsibility to replace the space lost at 6 WTC. In order to allow for the rebuilding of the WTC complex along with the September 11 Memorial and Museum, public transit and retail, the Government acknowledged in a Memorandum of Agreement with the PA in 2006, that the space destroyed at 6 WTC would be replaced within the new high-rise multi-tenanted building at 1 WTC (formerly known as The Freedom Tower).

The 6 WTC Lease is between the PA and the U.S. Government and the 1 WTC lease will be between the U.S. Government and WTC Tower 1 LLC, which is a joint venture between the PA and the Durst Organization. Under the 1 WTC Lease, the PA will operate as WTC Tower 1 LLC. Under the terms of the 6WTC Lease, the Government was responsible for all utilities, services, maintenance and structural repair and replacement. Under the proposed replacement lease at 1 WTC, the PA is responsible for all utilities (with the exception of tenant electric), services, maintenance, repairs, and replacement. In addition to the tenant allowance of \$77.50 per REBNY RSF, WTC Tower 1 LLC will also provide a supplemental Tenant Improvement Allowance of \$21,583,520.

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Background

The original lease prospectus for 6 WTC authorized GSA to enter into a 20-year firm term triple net lease (1973 through 1993). The 6 WTC lease contained sixteen 5-year renewal options through 2073. In order to exercise the first four renewal options, GSA submitted prospectus PNY-92004, which was approved by the Senate Committee on Environment and Public Works and the House Committee on Transportation and Infrastructure on July 31, 1991 and February 5, 1992, respectively. The first two renewal options were exercised, extending the lease through 2003 covering the period of time during which the terrorist attacks of September 11, 2001, took place. To protect the Government's rights under the lease subsequent to September 11, 2001, the third and fourth renewal options have been exercised through December 2013. Because the renewal options have been exercised, the original 6 WTC lease remains in effect today. Of course, no rental has been paid since September 11, 2001.

Unlike 6WTC, 1WTC is a high-rise multi-tenanted building with many of its common areas shared by all building tenants. It will have very limited on-site parking and cannot accommodate law-enforcement operations with large on-site secure parking needs as did 6WTC. Some DHS law enforcement operations that were formerly located at 6WTC were relocated to Newark, NJ, to be in closer proximity to their Port Elizabeth operations. Other DHS law enforcement operations were relocated to 601 West 26th Street, New York, NY. These DHS law enforcement operations will not be relocated back to the WTC site. The amended and restated lease for 1WTC therefore covers significantly less space than the original lease at 6WTC.

Justification

GSA's has two goals: (1) to consolidate and relocate Government tenants currently in older leased space in Manhattan into high quality leased space at 1 WTC with state-of-the-art life safety and security features, and, (2) to significantly reduce the total amount of space GSA leases in Manhattan through increased space utilization efficiency. The latter goal will be achieved using "mobile space concepts" that maximize open planning, movable wall partitioning, and joint-use spaces to enhance space efficiency. The space at 1 WTC is column free, which will enhance effective space utilization and design flexibility. See attached Housing Solutions.

The application of insurance proceeds to the cost of constructing 1 WTC will allow the Government to take advantage of a below-market rate for a newly constructed building that will have an extraordinary level of quality and services along with state-of-the-art

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fire and life-safety features that far exceed what is typically provided in the market.

The Government will occupy floors 50 through 55. 1 WTC is currently under construction and Government space is due for delivery in 2015. Government occupancy could begin in late 2015 or early 2016. When the building shell is completed in 2012, 1 WTC will be the tallest building in the Western Hemisphere.

The 1WTC Lease will affirm the Government's commitment to return federal tenants back to the WTC site. The Government's presence at the site will in turn enhance its overall re-development, and recognize the historic significance of the recently opened WTC Memorial along with the ongoing construction of new office buildings, cultural institutions and public transportation facilities.

Summary of Energy Compliance

1 WTC will achieve a Gold LEED Certification designed with energy efficient and environmentally friendly building systems that meet or exceed GSA standards.

Interim Leasing

GSA will execute such interim leasing actions as are necessary to ensure continued housing of tenant agencies proposed for occupancy of 1WTC until the effective date of the new lease. It is in the best interest of the Government to avert the financial risk of holdover tenancy.

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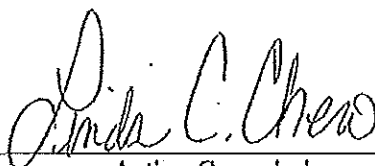
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Certification of Need

The proposed project is the best solution to meet a validated Government need.

Submitted at Washington, DC, on June 6, 2012

Recommended:



Acting Commissioner, Public Buildings Service

Approved:



Acting Administrator, General Services Administration

